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STATE FOR NEA/ELA, NEA/RA AND EEB/IDF/OMA
USAID FOR ANE/MEA MCLOUD AND DUNN
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TREASURY FOR MATHIASON AND HIRSON
COMMERCE FOR 4520/ITA/ANESA/OBERG

E.O. 12958: N/A

TAGS: ECON EFIN PTER EG

SUBJECT: EGYPT TO AMEND ANTI-MONEY LAUNDERING LAW, EXPAND SCOPE

Sensitive but Unclassified. Please protect accordingly.

¶11. (U) Recent press reports indicate that the GOE is planning to amend the 2002 Anti-Money Laundering (AML) law to re-enforce the authority of the Central Bank's Money Laundering Combating Unit (MLCU) to handling economic and financial crimes connected to terrorist finance or threatening the national economy. Econoff spoke to Samir Shehad, Director of the MLCU, who said that the amendments were designed to bring Egypt's AML law into greater conformity with the 41 general recommendations and 9 special anti-terrorist financing recommendations of the Financial Action Task Force.

¶12. (U) According to Shehad, the main focus of the amendments is to expand the predicate crimes covered by the AML law to include, inter alia, tax evasion, embezzlement, insider trading, bribery, trade in human beings, fraud, forgery and environmental crimes related to hazardous materials or waste. Individuals found guilty of tax evasion, illegal profit-making or insider trading will be subject to Article 14 of the AML which mandates a maximum of 7 years imprisonment, a fine commensurate with the severity of the crime, and confiscation of the illegal funds. The new amendments will also strengthen the MLCU's authority vis-a-vis banks and financial institutions by requiring accounting firms, law offices, real estate brokers, gold shops and casinos to report suspicious transactions to the MLCU. In addition, the amendments will expand the definition of "cash" to include negotiable instruments in the case of cash couriers.

¶13. (U) Shehad noted that the amendments were drafted by a technical team including lawyers and prosecutors from the Ministry of Justice and officials from the Central Bank and financial regulatory agencies. The draft amendments are currently under consideration by the Cabinet of Ministers. Shehad hoped the amendments would be passed in the next session of parliament, which begins in November.

¶14. (SBU) Comment: When asked about the timing of these amendments, Shehad became somewhat defensive, asking "Why all the questions?" In past bilateral discussions on Egypt's AML efforts, GOE officials generally maintain that both the AML law and the GOE's enforcement efforts have been adequate to address the relatively low money laundering risk in Egypt. The amendments to the AML law may be a genuine effort to bring Egypt's laws up to international standards, but it is noteworthy that the GOE is now addressing deficiencies in its AML law, just as several members of the banned Muslim Brotherhood are on trial in military courts for alleged money laundering.

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